



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 28, 2003

S. 195 **Underground Storage Tank Compliance Act of 2003**

*As ordered reported by the Senate Committee on Environment and Public Works
on February 12, 2003*

SUMMARY

S. 195 would authorize the appropriation of funds to promote the cleanup of leaking underground storage tank (LUST) sites and the prevention of leaks at underground storage tank (UST) sites. The bill would authorize the appropriation of \$1.675 billion from the LUST Trust Fund over the 2004-2008 period for those purposes. This funding would be used by the Environmental Protection Agency (EPA) for grants to states for the cleanup and treatment of contamination at LUST sites, including contamination from methyl tertiary butyl ether (known as MTBE and used as an additive in some gasoline), and for enforcement and inspection activities at UST sites. In addition, S. 195 would authorize the appropriation of \$125 million over the next five years for EPA to support compliance efforts at UST sites, including grants to states to develop leak detection programs.

Assuming appropriation of the specified amounts, CBO estimates that implementing this legislation would cost about \$1.7 billion over the 2004-2008 period. CBO also estimates that enacting of S. 195 would have a negligible effect on receipts because the bill would allow EPA to impose civil penalties on certain UST operators that do not comply with EPA or state standards. However, because states are mostly responsible for implementing the LUST program, CBO estimates that any additional collection of civil penalties under the bill by EPA would be insignificant each year.

Section 7 of this bill would explicitly waive any federal immunity from fines and penalties assessed by states enforcing underground storage tank law, and it would clarify that federal facilities are subject to charges if they are not in compliance. Payment of any fines and penalties could be made from the Judgment Fund, and in that case, such payments would be considered direct spending. It is, however, possible that such payments could be made from appropriated funds. CBO cannot predict either the number or the dollar amount of judgments against the government that could result from enactment of this bill. Further, we

cannot predict whether such potential judgments would be paid from the Judgment Fund or from appropriated funds.

S. 195 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs would be significantly below the threshold established by UMRA (\$59 million in 2003, adjusted annually for inflation). Further, the federal government would likely provide additional grants to offset some of the costs of the requirements. S. 195 contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 195 is shown in the following table. For this estimate, CBO assumes that the authorized amounts will be appropriated for each year and that outlays will follow historical spending patterns for similar activities. The costs of this legislation fall within budget function 300 (natural resources and environment).

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 195 contains intergovernmental mandates as defined in UMRA because each state would be required to develop and implement a training strategy for operators of underground storage tanks that is consistent with guidelines established by EPA.

The bill also would require each state to develop an implementation report that lists each state and locally owned underground storage tank not in compliance with regulations, the past actions taken towards the listed tanks, and the future steps that will be taken to bring those tanks into compliance.

CBO estimates that the costs of the mandates, taken together, would fall significantly below the threshold established by UMRA (\$59 million in 2003, adjusted annually for inflation). Further, states would be eligible for grants from EPA to implement the requirements. Other provisions of the bill would be voluntary and would benefit state, local, and tribal governments.

	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION						
LUST and UST Spending Under Current Law						
Budget Authority ^a	89	0	0	0	0	0
Estimated Outlays	93	60	33	13	5	0
Proposed Changes						
LUST Grants to States						
Authorization Level	0	150	150	150	150	150
Estimated Outlays	0	128	150	150	150	150
EPA Support for UST						
Authorization Level	0	25	25	25	25	25
Estimated Outlays	0	21	25	25	25	25
Biannual Inspections of USTs						
Authorization Level	0	35	35	20	20	20
Estimated Outlays	0	30	35	22	20	20
MTBE Remediation						
Authorization Level	0	125	125	125	125	125
Estimated Outlays	0	106	125	125	125	125
Prevention and Compliance Grants						
Authorization Level	0	50	30	30	30	30
Estimated Outlays	<u>0</u>	<u>43</u>	<u>33</u>	<u>30</u>	<u>30</u>	<u>30</u>
Total Proposed Changes						
Authorization Level	0	385	365	350	350	350
Estimated Outlays	0	328	368	352	350	350
LUST and UST Spending Under S. 195						
Authorization Level ^a	89	385	365	350	350	350
Estimated Outlays	93	388	401	365	355	350

a. The 2003 level is the amount appropriated for EPA's LUST and UST programs in that year.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 195 contains no private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Susanne S. Mehlman

Impact on State, Local, and Tribal Governments: Greg Waring

Impact on the Private Sector: Jean Talarico

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis